UNITED NATIONS

UNFCCC Framework Convention on Climate Change

Distr.
GENERAL

FCCC/SBSTA/2002/INF.11
16 July 2002

ENGLISH ONLY

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Seventeenth session
New Delhi, 23–29 October 2002
Item 4 (f) of the provisional agenda

# METHODOLOGICAL ISSUES

# LAND USE, LAND-USE CHANGE AND FORESTRY: DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND REFORESTATION ACTIVITIES UNDER ARTICLE 12 OF THE KYOTO PROTOCOL

## A cross-referenced overview of decisions and issues

## Note by the secretariat

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# I. INTRODUCTION

## A. Mandate

1. The Conference of the Parties (COP), by its decision 17/CP.7, requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop definitions and modalities for including afforestation and reforestation project activities under the clean development mechanism (CDM) in the first commitment period, taking into account the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, and being guided by the principles in the preamble to decision -/CMP.1 (*Land use, land-use change and forestry*) with the aim of adopting a decision on these definitions and modalities at the ninth session of the COP, to be forwarded to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) at its first session (FCCC/CP/2001/13/Add.2).

2. At its sixteenth session, the SBSTA agreed on terms of reference and the agenda for the work referred to in paragraph 1 above. In this context, it requested the secretariat to prepare a note cross-referencing decisions 11/CP.7, 17/CP.7, 19/CP.7, 22/CP.7 and 23/CP.7 to the issues and aspects of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, as well as accounting, reporting and review aspects (FCCC/SBSTA/2002/6). It also requested Parties and other organizations to provide views on issues related to modalities for including afforestation and reforestation project activities under the CDM in the first commitment period by 20 August 2002.

## B. Scope of the note

3. This note identifies the relation between the decisions and issues by means of cross-referencing tables. The cells in the tables indicate all the paragraphs containing references to the decisions. A separate table was made for each decision. It is anticipated that these tables will assist Parties in preparing the submissions of views referred to above.

4. Parties should be aware of the possible linkages not covered in this note, between the work of the Intergovernmental Panel on Climate Change (IPCC) and the CDM executive board, and the issues and aspects identified in the SBSTA terms of reference. For example, in accordance with decision 17/CP.7, in the framework of the prompt start of the CDM, the executive board is currently further clarifying issues related to the modalities and procedures, in particular, appendices B and C to decision 17/CP.7. Also, in accordance with decision 11/CP.7, subparagraphs 3 (a) and (b), the IPCC is currently elaborating methods to estimate, measure, monitor and report changes in carbon stocks and anthropogenic greenhouse gas emissions resulting from land use, land-use change and forestry (LULUCF). The IPCC is also preparing a report on good practice guidance and uncertainty management for the LULUCF sector.

## C. Possible action by the SBSTA

5. The SBSTA may wish to take note of the information contained in this note and the information provided by Parties and other organizations. It may also wish to provide further guidance to the secretariat on this issue.

# II. OVERVIEW OF DECISIONS, DRAFT DECISIONS (-/CMP) AND ANNEXES THERETO

6. Decision 11/CP.7 (Land use, land-use change and forestry) includes a draft decision recommended for consideration by the COP/MOP at its first session, as well as an annex thereto entitled "Definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities under the Kyoto Protocol". The annex sets forth definitions for forest and agreed LULUCF activities

under Article 3, paragraphs 3 and 4; modalities, rules and guidelines for LULUCF activities under Article 3, paragraphs 3 and 4, and Article12; and general issues related to the application of a forest definition, to accounting, to lands, to national inventories and to carbon pools (FCCC/CP/2001/13/Add.1).

7. Decision 17/CP.7 (Modalities and procedures for a clean development mechanism, as defined in Article 12 of the Kyoto Protocol) includes a draft COP/MOP decision containing an annex entitled "Modalities and procedures for a clean development mechanism". The annex is divided into 10 sections on: definitions, the role of the COP/MOP to the Kyoto Protocol, the executive board, the accreditation and designation of operational entities, designated operational entities, participation requirements, validation and registration, monitoring, verification and certification, and issuance of certified emission reductions. In addition, there are four appendices to the annex which relate to standards for the accreditation of operational entities, the project design document, terms of reference for establishing guidelines on baselines and monitoring methodologies, and clean development mechanism registry requirements (FCCC/CP/2001/13/Add.2).

8. Decision 19/CP.7 (Modalities for accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol) includes a draft COP/MOP decision containing an annex entitled "Modalities for accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol". The annex is divided into three sections on modalities, registry requirements, and compilation and accounting of emission inventories and assigned amounts (FCCC/CP/2001/13/Add.2).

9. Decision 22/CP.7 (Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol) includes an appendix and a draft COP/MOP decision with an annex. The appendix is divided into two sections, namely, "Reporting of supplementary information under Article 7, paragraph 1", and "Reporting of supplementary information under Article 7, paragraph 2". The annex to the draft COP/MOP decision is divided into four sections: "Reporting of supplementary information under Article 7, paragraph 1"; "Reporting of supplementary information under Article 7, paragraph 2"; "Language"; and "Updating" (FCCC/CP/2001/13/Add.3 and Corr.1).

10. Decision 23/CP.7 (Guidelines for review under Article 8 of the Kyoto Protocol) includes two appendices and a draft COP/MOP decision. Appendix I to decision 23/CP.7 includes draft decisions relevant to part III (Review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reduction units, certified emission reductions, assigned amount units and removal units) and part V (Review of national registries) of the guidelines for review under Article 8 of the Kyoto Protocol. Appendix II is entitled "Review for reinstatement of eligibility to use mechanisms". The annex to the draft COP/MOP decision is entitled "Guidelines for review under Article 8 of the Kyoto Protocol" and is divided into seven parts: I: "General approach to review"; II: "Review of annual inventories"; III:[1] "Review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reduction units, certified emission reductions, assigned amount units and removal units"; IV: "Review of national systems"; V:[2] "Review of national registries"; VI: "Review of information on the minimization of adverse impacts in accordance with Article 3, paragraph 14"; and VII: "Review of national communications and information on other commitments under the Kyoto Protocol" (FCCC/CP/2001/13/Add. 1).

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[1] This part appears without adopted text. Text in brackets indicates that, according to paragraph 13 of decision 23/CP.7, text will be incorporated in this part.

[2] See footnote 1.

## III. OVERVIEW OF ISSUES

### A. Non-permanence

11. The term "non-permanence" is not defined in any of the decisions cited above. The term is used to refer to the temporary nature of removals by sinks from LULUCF activities. The first references to the issue of non-permanence appear in decision 11/CP.7, paragraph 2 (e) and decision 17/CP.7, paragraph 10 (b).

12. Paragraph 1 (g) of draft decision -/CMP.1 (*Land use, land-use change and forestry*) affirms that the reversal of any removal due to LULUCF activities be accounted for at the appropriate point in time. In addition, paragraph 1 (c) of the same decision affirms that the aim stated in Article 3, paragraph 1, of the Kyoto Protocol not be changed by accounting for LULUCF activities.

### B. Additionality

13. In accordance with decision 17/CP.7, annex, paragraph 43, a CDM project activity is additional if anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of the registered CDM project activity.

14. Paragraph 37 (d) of the same annex links the concept of additional reductions to baselines, leakage, crediting period and project boundaries. Additionality is also referred to in the verification and certification stage of the CDM project cycle (paragraph 62 (f)), as part of the project design document (paragraph 2 of appendix B to the annex) and on the terms of reference for establishing guidelines on baselines and monitoring methodologies (paragraph (a)(v) of appendix C).

### C. Leakage

15. In accordance with decision 17/CP.7, annex, paragraphs 50 and 59, reductions of anthropogenic emissions by sources shall be adjusted for leakage. Leakage is defined in paragraph 51 of that annex as the net change of anthropogenic emissions of greenhouse gases by sources which occurs outside the project boundary, and which is measurable and attributable to the CDM project activity.

### D. Uncertainties

16. There is no definition of uncertainty in any decision of the UNFCCC. However, the term "uncertainty" appears in the IPCC "*Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*", and is endorsed in draft decision -/CMP.1 (*Article 5.2*), paragraph 1.

17. By its decision 11/CP.7, paragraph 3 (b), the COP invited the IPCC to prepare a report on good practice guidance and uncertainty management relating to the measurement, estimation, assessment of uncertainties, monitoring and reporting of net carbon stock changes and anthropogenic greenhouse gas emissions by sources and removals by sinks in the land use, land-use change and forestry sector. Draft decision -/CMP.1 (*Land use, land-use change and forestry*), paragraph 2, states that good practice guidance, and methods to estimate, measure, monitor and report changes in carbon stocks and anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land-use change and forestry activities, as developed by the IPCC, shall be applied by Parties, if decided in accordance with relevant decisions of the COP and the COP/MOP.

18. In the decision 17/CP.7, annex, uncertainties are referred as an issue relating to the establishment of baselines. The monitoring section of this annex further mentions the need for ensuring quality assurance and control procedures for the monitoring process.

### E. Socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems

19. According to draft decision -/CMP.1 (*Land use, land-use change and forestry*), paragraph 1 (e), LULUCF activities shall contribute to the conservation of biodiversity and to the sustainable use of natural resources.

20. Decision 17/CP.7, annex, paragraph 37 (c), refers to "environmental impacts" as a validation requirement, which shall be monitored in accordance with paragraph 53 (d).

21. The same annex provides for the possibility of comments by stakeholders prior to validation (paragraph 37 (b)), at the moment of validation (paragraph 40 (a)) and, as appropriate, at the verification stage (paragraph 62 (b)).

### F. Accounting, reporting and review aspects

22. In the annexed tables, the column entitled "Accounting, reporting and review aspects" includes both accounting, reporting and review aspects arising from Parties' obligations under decisions 11/CP.7, 19/CP.7, 22/CP.7 and 23/CP.7, as well as accounting, reporting and review aspects for CDM project activities, mainly addressed in decision 17/CP.7.

Annex

## CROSS-REFERENCING TABLES

**Table 1. Cross-referencing of issues/aspects to decision 11/CP.7 (Land use, land-use change and forestry)**

| Decision 11/CP.7 | Issues | Non-permanence | Additionality | Leakage | Uncertainties | Socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems | Accounting, reporting and review aspects |
|---|---|---|---|---|---|---|---|
| | **Decision 11/CP.7** | Para. 2 (e) | Para. 2 (e) | Para. 2 (e) | Paras. 2 (e), and 3 (a) and (b) | Para. 2 (e) | Para. 3 (a) |
| | **Draft decision -/CMP.1 (LULUCF)** | Para. 1 (c) and (g) | Para. 1 (d) | | Paras. 1 (a) and (b), and 2 | Para. 1 (e) | Paras. 1, 2 and 3 |
| | **Annex: Article 12 (paras. 13-15)** | | | | | | Para. 14 |

**Table 2. Cross-referencing of issues/aspects to decision 17/CP.7 (Modalities and procedures for a clean development mechanism, as defined in Article 12 of the Kyoto Protocol)**

| | Issues | Non-permanence | Additionality | Leakage | Uncertainties | Socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems | Accounting, reporting and review aspects |
|---|---|---|---|---|---|---|---|
| Decision 17/CP.7 | **Decision 17/CP.7** | Para. 10 (b) | Para. 10 (b) | Para. 10 (b) | Para. 10 (b) | Para. 10 (b) | Para. 7 (a) - (b) |
| | **Draft decision -/CMP.1 (CDM)** | | | | | | |
| | **Annex: Definitions (para. 1)** | | | | | Para. 1 (e) | Para. 1 (a)-(d) |
| | **Annex: Participation requirements (paras. 28-34)** | | | | | | Paras. 31 and 32 |
| | **Annex: Validation and registration (paras. 35-52)** | | Paras. 37 (d), 43 and 44 | Paras. 50, 51 and 52 | Para. 45 (b) | Comments by stakeholders Paras. 37 (b), 40 (b) and (c)<br><br>Environmental impacts Para. 37 (c) | Paras. 44, 45, 47, 48 and 52 |
| | **Annex: Monitoring (paras. 53-60)** | | Paras. 53 (f) and (g) and 59 | Paras. 53 (c), (f) and (g) and 59 | Paras. 53 (e), 54 and 57 | Para. 53 (d) | Paras. 53-60 |
| | **Annex: Verification and certification (paras. 61-63)** | | Paras. 62 (f) and 63 | Para. 62 (f) | Paras. 62 (b), (c) and (d) | Para. 62 (b) | Paras. 61-63 |
| | **Annex: Issuance of certified emission reductions (paras. 64-66)** | | Para. 64 | | | | Para. 66 |
| | **Appendix B: Project design document** | | Paras. 2 (d) and 2 (i) (vii) | Paras. 2 (i) (ii) bullet 4 and 2 (i) (v) | Paras. 2 (b) (ii) bullet 2, 2 (i) and 2 (h) | Comments by stakeholders Para. 2 (g)<br><br>Environmental impacts Para. 2 (e) | All |
| | **Appendix C: Terms of reference for establishing guidelines on baselines and monitoring methodologies** | | Para. (a) (v) | Para. b (vi) | Para. (a) (iii) | | All |
| | **Appendix D: Clean development mechanism registry requirements** | | | | | | All |

**Table 3. Cross-referencing of issues/aspects to decision 19/CP.7 (Modalities for accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol)**

| | Issues | Non-permanence | Additionality | Leakage | Uncertainties | Socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems | Accounting, reporting and review aspects |
|---|---|---|---|---|---|---|---|
| Decision 19/CP.7 | Draft decision -/CMP.1, annex: Definitions (paras. 1- 4) | | | | | | Para. 1 (b) |
| | Annex: Additions to, and subtractions from, assigned amount pursuant to Article 3, paras. 7 and 8, for the accounting of the compliance assessment (paras. 11-12) | | | | | | Paras. 11 and 12 |
| | Annex: Basis for the compliance assessment (paras. 13-14) | | | | | | Paras. 13 and 14 |
| | Annex: Carry over (paras. 15-16) | | | | | | Para. 15 |
| | Annex: National registries (paras. 17-22) | | | | | | Paras. 17 and 19 |
| | Annex: Transfer, acquisition, cancellation, retirement and carry over (paras. 30-37) | | | | | | Paras. 30 - 37 |
| | Annex: Transaction procedures (paras. 38-43) | | | | | | Section D |
| | Annex: Publicly accessible information (paras. 44-48) | | | | | | Para. 47 (a) and (l) |
| | Annex: Report upon expiration of the additional period for fulfilling commitments (para. 49) | | | | | | Para. 49 (a) - (c) |
| | Annex: Compilation and accounting database (paras. 50-60) | | | | | | Para. 51 |
| | Annex: Compilation and accounting reports (paras. 61-62) | | | | | | Para. 62 |

**Table 4. Cross-referencing of issues/aspects to decision 22/CP.7 (Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol)**

| Decision 22/CP.7 | Issues | Non-permanence | Additionality | Leakage | Uncertainties | Socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems | Accounting, reporting and review aspects |
|---|---|---|---|---|---|---|---|
| | Appendix: Reporting of supplementary information under Article 7.1: Information on ERU, CER, AAU and RMU (paras. 1 and 2) | | | | | | Para. 1 |
| | Appendix: Reporting of supplementary information under Article 7.2: National registries (para. 3) | | | | | | Para. 3 |

**Table 5. Cross-referencing of issues/aspects to decision 23/CP.7 (Guidelines for review under Article 8 of the Kyoto Protocol)**

| Decision 23/CP.7 | Issues | Non-permanence | Additionality | Leakage | Uncertainties | Socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems | Accounting, reporting and review aspects |
|---|---|---|---|---|---|---|---|
| | Appendix I: Part III, Review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERU, CER, AAU and RMU (paras. 1-7) | | | | | | Paras. 1, 2, 5 (c), and 7 (a) and (b) |
| | Appendix I: Part V, Review of national registries (paras. 8-18) | | | | | | Paras. 10, and 12 (c), (d) and (e) |

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